

June 16, 2006

Contact: Robin Winchell (202) 225-4031

WASHINGTON, DC- U.S. Representative Charlie Melancon announced today that members of the House Resources Committee had reached a tentative compromise on legislation allowing increased offshore gas and oil production and establishing a more equitable revenue-sharing plan.

The agreement, negotiated by Melancon, Rep. Bobby Jindal, and other leading members of the Resources Committee, will mandate that Louisiana receive 75% of the royalties (fees) accrued by the federal government from oil and gas production 3-12 miles offshore on the state's Outer Continental Shelf. The bill will also phase in over 15 years an eventual 50% share of royalties from drilling beyond 12 miles off the state's coast. Most recent estimates predict revenues for Louisiana from this legislation would average nearly \$900 million per year for the first nine years, eventually topping \$2 billion per year by 2022 when the plan is fully phased-in.

Currently, Louisiana receives only a small percentage of the \$6 to \$8 billion in royalties the federal treasury accrues every year from drilling in federal waters, despite the fact that Louisiana must shoulder the burden of environmental damage, including an eroding coastline, and the cost of infrastructure (ports, highways, etc) that result from the state's support for this industry.

**"I am very pleased my colleagues and I were able to reach a compromise that brings Louisiana one step closer to receiving its fair share of gas and oil royalties,"** said Melancon.

**"With this new funding, Louisiana will finally be able to build a comprehensive hurricane protection and coastal restoration system to protect our citizens and businesses on the Gulf Coast for generations to come."**

The compromise will also alter the restrictions on gas and oil drilling on the Outer Continental Shelf, lowering energy costs increasing domestic energy production and reducing U.S. dependence on foreign oil. The agreement establishes the following guidelines:

- 0-50 miles offshore: Permanent moratoria on oil and gas production, unless a state legislature enacts legislation to opt out of the moratoria.
- 50-100 miles offshore: Moratoria on oil production until June 30, 2010. Moratoria on gas production for one year after law is enacted. After these dates, the moratoria will be lifted UNLESS the state legislature enacts legislation to continue the moratoria.

###